

**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MICHIGAN**

IN RE:

RYDAHL INDUSTRIES, INC.

Debtors/

CASE NO.: SG05-10428

NOTICE TO CREDITORS AND OTHER PARTIES IN INTEREST

**DEBTOR'S MOTION FOR AUTHORITY TO SELL KOMATSU LOADER
AND PAY A PORTION OF PROCEEDS TO KOMATSU FINANCIAL**

The attached motion has been filed with the Bankruptcy Court. **Your rights may be affected.** You should read these papers carefully and discuss them with your attorney. (If you do not have an attorney, you may wish to consult one.)

If you want the court to consider your views on this matter, attend the hearing scheduled for July 19, 2006 at 10:00 a.m. at the United States Bankruptcy Court, One Division Ave., Grand Rapids, Michigan, Courtroom A.

You or your attorney may wish to file a response explaining your position. Such response should be **received** at least three business days prior to the scheduled hearing. A copy should also be served upon the party who has filed the motion and to his/her attorney. **Please refer to Administrative Order 2004-06 (Mandatory Electronic Filing), effective January 1, 2005, for practices and procedures for filing pleadings with the court.**

If you or your attorney do not take these steps, the court may decide that you do not oppose the relief sought in the motion or objection and may enter an order granting that relief.



Notice returned to Perry Pastula, Esq., for service of notice, motion and order shortening notice period upon matrix. (July 5, 2006-jm) (Court to serve Buyers' List)

July 5, 2006

DANIEL M. LAVILLE
CLERK OF BANKRUPTCY COURT

/s/

BY: Jackie Malone, Deputy Clerk

NOTICE IS HEREBY GIVEN that the court may, in its discretion, orally continue or adjourn the above hearing on the record in open court. If this occurs, parties in interest will not be given further written notice of the continued or adjourned hearing. If an entity is not present at the originally scheduled hearing, information regarding the time, date and place of an orally continued or adjourned hearing may be obtained at the Clerk's office from the docket.

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In Re:

Case No. SG 05-10428

RYDAHL INDUSTRIES, INC.,

Chapter 11; Filed 7/27/05

Debtor.

HON. JO ANN C. STEVENSON

**DEBTOR'S MOTION FOR AUTHORITY TO SELL KOMATSU LOADER AND
PAY A PORTION OF PROCEEDS TO KOMATSU FINANCIAL**

NOW COMES the Debtor, by and through its attorneys, Dunn, Schouten, & Snoap, and moves this Honorable Court pursuant to 11 U.S.C. 363 for entry of an Order authorizing the sale of Komatsu WA450-3 Loader, Serial No. A30062 ("Loader") and pay a portion of proceeds to Komatsu Financial, and in support states as follows:

1. The Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code on July 27, 2005 and has continued in possession of its assets and continued its business operations pursuant to §1107 and §1108 of the Bankruptcy Code.
2. Among the assets of the estate is the Loader used by the Debtor to operate its gravel plant.
3. The Loader is subject to a purchase money security interest of Komatsu Financial.
4. The Debtor previously obtained authority to sell a Komatsu WA450-3 Loader, Serial No. 30241, which is a different loader for a minimum price of \$58,000. That loader is not the Loader that the Debtor desires to sell. The serial number identified in the prior motion was

erroneous.

5. The actual Loader that the Debtor desires to sell is a Serial No. A30062.
6. The Debtor proposes to sell the Loader to A & B Farms of A-4203 Blue Star Highway, Holland, MI 49423 for a price of \$58,000.
7. The other loader with a serial number of 30241 is currently in the possession of AIS Construction Equipment and is being held for payment of repairs conducted by AIS for which there is owed the sum of \$12,869.41. AIS asserts a possessory mechanic's lien against the loader in its possession.
8. The Debtor proposes that from the proceeds of the sale of the Loader, it utilize the sum of \$12,869.41 to pay AIS in full, final, and complete satisfaction of its claim for repairs performed on the loader in its possession. The balance of the proceeds shall be paid to Komatsu Financial to be applied to its claim.
9. In the exercise of the Debtor's business judgment, it believes that purchase price of \$58,000 for the Loader is fair and reasonable.
10. The Debtor requests authority to sell the Loader to A & B Farms on the terms set forth in this motion pursuant to 11 U.S.C. 363.
11. The equipment shall be sold on an "AS IS - WHERE IS" basis with no warranties as to merchantability, fitness for a particular purpose, or any other matter except the Debtor shall warrant that the buyer will receive good and marketable title free and clear of all liens, claims, encumbrances, and interests, with any existing liens, claims, encumbrances, and interests attaching to the proceeds in the same order, rank, and priority and with the same validity that exists with respect to the equipment.

12. The proposed sale is not a sale of substantially all the assets of the Debtor. The Debtor believes its assets have a value in excess of \$3,000,000 and that the assets are more than sufficient to satisfy all the claims of its creditors.

13. The sale of the equipment will benefit the bankruptcy estate in that it will reduce the outstanding debt, save continued accrual of interest on the Komatsu Financial claim, and assist the Debtor in completing its reorganization.

WHEREFORE, the Debtor prays this Court enter an Order authorizing the Debtor to sell the Loader identified above on the terms set forth in this motion and pay the proceeds to AIS Equipment and Komatsu Financial, and that the Court grant such other and further relief it deems just and proper.

Respectfully Submitted,

DUNN, SCHOUTEN & SNOAP

Date: June 28, 2006

By: /s/ Perry G. Pastula
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